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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

Leather and Leather Products Industries Development
(URT/78/010)

Report of the Administrator*

Date of present approval:	May 1979
Starting date of project activities:	January 1980 (Planned)
Planned completion date:	December 1981
To be executed by:	United Nations Industrial Development Organization (UNIDO)
Government implementing agency:	Tanzania Leather Associated Industries Limited (TLAI) (Ministry of Industries)
Estimated cost of assistance planned under present approval:	$427 900
Source of UNDP financing:	Indicative Planning Figure (IPF)

I. Background

1. Tanzania, after Ethiopia, is the second largest producer of hides in Eastern Africa. The number of cattle in the country is estimated to be ten to thirteen million and about one million bovine hides are available each year. There is an additional collection of goat and sheep skins of more than two million pieces annually. One of the targets of the long-term industrial strategy of Tanzania is to process local raw materials within the country with a view to maximizing foreign exchange earnings through the increased value added.

*In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the approval of UNDP assistance of $250,000 or more (including, if any, assistance financed by Government or by third-party cost sharing).

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2. Consequently, the development objective in the leather industries sector is to process locally all the available hides and skins into semi-tanned or finished leather. The leather products industries, covering footwear, leather garments and leather goods, should be able to produce at such quality levels that reasonable local and international demands would be satisfied. In the Second UNDP Country Programme for the United Republic of Tanzania, the sum of $400,000 was allocated to a project in the leather and leather goods industries sector during 1980 and 1981.

3. In 1979, the Government of Tanzania established the Tanzania Leather Associated Industries (TLAI) as a parastatal organization under the Ministry of Industries to be the principal agency for the development of the leather and leather products industry. The group now consists of three large tanneries, a trading organization for hides and skins, and leather products industries. The installed capacity in the tanneries is sufficient to process nearly all available hides and skins in the industry.

4. Existing factory units in the corporation are, however, facing grave problems. The quantities and qualities of the products have not been satisfactory. The major problems are caused by a lack of appropriate knowledge and operational training and experience which are primarily evident in the functions of production, maintenance and marketing. In order to remedy this situation, the present project will strengthen the Tanzania Leather Associated Industries with a team of international experts to advise on production technology, maintenance operations and marketing.

5. UNIDO has already provided assistance to the Tanzania Leather Associated Industries through two SIS projects, Assistance to the Leather Goods Industry (SI/URT/77/805) and Manufacture of the Leather Board from Scrap Leather (SI/URT/77/806). The present project was approved in the field by the Resident Representative in May 1979.

II. Objectives and activities

6. The immediate objectives of the project are: (a) better integrated and more efficient tanneries and leather products factories; (b) increased capacity utilization and productivity; (c) improved quality of leather products; (d) balanced products mixes, utilizing in the most favourable way raw materials and waste materials from leather industries, and meeting the demands of the markets; and (e) a Leather Centre to co-operate with the industries in training and technical development.

7. In order to achieve the objectives, a team of international experts will be assigned to the Tanzania Leather Associated Industries. They will provide direct technical assistance in respect of processing methods, quality control, maintenance practices, marketing and other managerial matters. The adviser will assist the Leather Centre in conducting training programmes and carry out applied research and development programmes.

III. Inputs

8. UNDP will provide for the following:

(a) Experts:

Leather industry expert (international team leader)	24 man-months
Leather manufacturing expert	12 " "
Shoe technologist	12 " "
Shoe designer	3 " "
Maintenance engineer	6 " "
Leather and leather products marketing expert	3 " "

(b) Training activities in the form of individual fellowships, group study tours and in-service training; and (c) Laboratory equipment and pilot plant for the Leather Centre.

9. The Government of Tanzania will provide counterpart personnel to all international experts. The recurrent and capital budget of Tanzania Leather Associated Industries will provide for necessary support activities and premises for the project.

IV. Financial data

10. The expenditure components of the planned assistance are as follows:

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Personnel	318 800
Training	60 800
Equipment	38 300
Miscellaneous	10 000
	427 900

11. The estimated total value, expressed in US dollars, of inputs provided directly by the Government to the project is $176,900.

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